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2
3 **BEFORE THE PUBLIC DISCLOSURE COMMISSION**
4 **OF THE STATE OF WASHINGTON**
5

6 IN THE MATTER OF ENFORCEMENT)
7 ACTION AGAINST)
8 Citizens for Sam Reed,)
9)
10 Respondent.)
_____)

PDC CASE NO.: 05-135¹

FINAL ORDER IMPOSING FINE

11 **INTRODUCTION**
12

13 The Washington State Public Disclosure Commission (Commission) conducted an
14 enforcement hearing (adjudicative proceeding) under chapters 34.05 and 42.17 RCW and
15 chapter 390-37 WAC on January 25, 2005, with respect to the above-encaptioned matter.
16 The Commission convened the hearing at the Evergreen Plaza Building, Room 206, 711
17 Capitol Way South, in Olympia, Washington. The PDC Staff appeared through Assistant
18 Director Susan Harris. The Respondent Citizens for Sam Reed (Citizens) appeared through
19 Grant Degginger, counsel for Respondent.
20

21 The Commission was provided a copy of: a memorandum from Ms. Harris dated
22 January 18, 2005 titled "45 Day Letter Regarding Mainstream Republicans" with
23 attachments (relevant statutes, a January 12, 2005 letter from James D. Oswald, and a copy
24 of PDC Administrative Policy titled "Retaining Special Legal Counsel"); the Report of
25

26 ¹ The investigation and hearing were conducted under PDC Case No. 05-110; the case
number has been revised to 05-135 to differentiate between the two cases that resulted.

1 Investigation dated January 12, 2005 with attached exhibits; and a Stipulation of Facts,
2 Violations and Penalty (Stipulation) of the parties dated January 25, 2005.

3 After due consideration of the above information provided to the Commission and
4 oral presentations by Staff and the Respondent's counsel, and by Mr. Oswald, the
5 Commission accepted the Stipulation by a 3-1 vote. The Commission therefore makes the
6 following findings and enters the following order.
7

8 FINDINGS

9 Based upon the stipulated facts, violations and penalty, by a 3-1 vote, the
10 Commission enters the following findings:

11 The Respondent committed a single violation of RCW 42.17.640 as detailed in the
12 Stipulation, which is attached and incorporated by reference.
13

14 ORDER

15 The Commission orders as follows by a 3-1 vote:

- 16 1. The Stipulation of Facts, Violations and Penalty is accepted and incorporated by
17 reference; and,
- 18 2. A total civil penalty of \$5,000 is assessed against the Respondent, \$2,500 of which
19 will be suspended if the conditions in the Stipulation are satisfied.
20

21 RECONSIDERATION OF FINAL ORDER - COMMISSION

22 Any party may ask the Commission to reconsider this final order. Parties must
23 place their requests for reconsideration in writing, include the specific grounds or reasons
24 for the request, and deliver the request to the Public Disclosure Commission Office within
25 **TEN (10) days** of the date that the Commission serves this order upon the party. Pursuant
26 to RCW 34.05.470(3), the Public Disclosure Commission is deemed to have denied the

1 petition for reconsideration if, within twenty (20) days from the date the petition is filed, the
2 Commission does not either dispose of the petition or serve the parties with written notice
3 specifying the date by which it will act on the petition. Pursuant to RCW 34.05.470(5), the
4 Respondent is not required to ask the Public Disclosure Commission to reconsider the final
5 order before seeking judicial review by a superior court.
6

7 **FURTHER APPEAL RIGHTS – SUPERIOR COURT**

8 Pursuant to RCW 42.17.395(5), a **final order** issued by the Public Disclosure
9 Commission is subject to judicial review under the Administrative Procedures Act, chapter
10 34.05 RCW. The procedures are provided in RCW 34.05.510 - .598. Pursuant to RCW
11 34.05.542(2), a petition for judicial review must be filed with the superior court in Thurston
12 County or the petitioner's county of residence or principal place of business. The petition
13 for judicial review must be served on the Public Disclosure Commission and any other
14 parties within **30 days** of the date that the Public Disclosure Commission serves this final
15 order on the parties.
16

17 If reconsideration is properly sought, the petition for judicial review must be served
18 on the Public Disclosure Commission and any other parties within thirty (30) days after the
19 Commission acts on the petition for reconsideration.
20

21 **ENFORCEMENT OF FINAL ORDERS**

22 The Commission will seek to enforce this final order in superior court under RCW
23 42.17.395-397, and recover legal costs and attorney's fees, if the penalty remains unpaid
24 and no petition for judicial review has been filed under chapter 34.05 RCW. This action
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will be taken without further order by the Commission.

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DATED THIS 17th day of February, 2005.

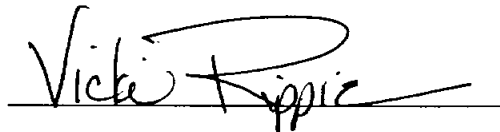
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FOR THE COMMISSION:

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VICKI RIPPIE, Executive Director

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Attachment: Stipulation of Facts, Violations and Penalty Dated January 25, 2005

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MAILING DATE OF THIS ORDER:

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Copy mailed to:

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Grant Degginger, on behalf of Citizens for Sam Reed

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BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN THE MATTER OF ENFORCEMENT)	PDC Case No 05-110
ACTION AGAINST)	
	STIPULATION OF FACTS,
Citizens for Sam Reed)	VIOLATION, AND
Respondent.)	PENALTY
_____)	

Citizen for Sam Reed (Respondent) and the Public Disclosure Commission Staff (Staff) jointly submit this Stipulation of Facts, Violation and Penalty for Commission consideration in lieu of further enforcement actions. The parties agree that, pursuant to RCW 42.17.360, the Commission has the authority to accept, decline, or to suggest modifications to this Stipulation.

FACTS

1. Sam Reed was a candidate for Secretary of State. Citizens for Sam Reed was his campaign committee.
2. Jim Waldo was an agent for the Mainstream Republicans.
3. Mr. Waldo was, at one time, on the steering committee for Citizens for Sam Reed but rarely attended meetings.
4. Mr. Waldo resigned his position with Citizens for Sam Reed, but attended informal meetings of some members of the committee, including Mr. Reed.
5. Mr. Waldo was also in occasional contact with Gary Smith, the Reed committee's "state chair", receiving campaign updates.
6. In September, 2004, Mr. Waldo was recovering from an illness at home when he was visited by Mr. Reed and others. The campaign was discussed.

7. In late September, Mr. Waldo and two other individuals hosted a fundraiser for the Citizens for Sam Reed. Approximately \$10,000 was raised.
8. In late September, Waldo notified Smith that he was disassociating himself from Reed campaign "to work on a project."
9. In October, Mr. Waldo and the Mainstream Republicans produced political advertisements that featured three statewide candidates it had endorsed, including Mr. Reed.
10. In his efforts to raise funds for the Mainstream mailing, Mr. Waldo contacted Mikal Thomsen, volunteer finance chair for the Citizens for Sam Reed.
11. Mr. Waldo informed Mr. Thomsen of the Mainstream Republican's intent to produce an "independent expenditure" ad featuring Rob McKenna, Doug Sutherland and Mr. Reed, and asked Mr. Thomsen for a financial donation. Mr. Thomsen agreed to contribute \$5,000 toward the effort.
12. Mr. Waldo also asked Mr. Thomsen to solicit a contribution from John Stanton. Mr. Stanton contributed \$10,000 toward the effort.
13. Sam Reed had no prior knowledge that Mr. Waldo and/or the Mainstream Republicans intended to produce a mailing that featured him and other candidates.
14. Members of the Citizen for Sam Reed Committee did not knowingly provide any of the content used in the mailing. The Mainstream Republicans obtained the information from the Citizens for Sam Reed website.
15. Neither Sam Reed nor any member of his campaign committee participated in the production or distribution of the mailing, except for the fundraising efforts undertaken by Mikal Thomsen. Mr. Reed was not personally aware of Mr. Thomsen's contribution to or solicitation on behalf the Mainstream Republicans.

VIOLATION

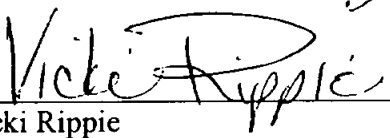
Respondent and Staff agree that based on those facts, the Respondent committed a single violation of RCW 42.17.640 by receiving a contribution in excess of limits.

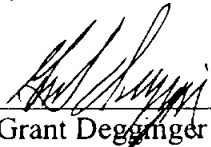
PENALTY

Respondent and Staff agree that based on the facts and the agreement regarding the violation of RCW 42.17.640 above, the Respondent accepts a penalty of five thousand dollars (\$5,000). Two thousand five hundred dollars (\$2,500) will be suspended if the Respondent or a successor committee supporting Mr. Reed's election to public office:

1. Refunds the Mainstream Republicans a total of \$15,000 and pays the non-suspended portion of the penalty within 90 days from the date of the entry of the Commission's final order in this matter;
2. Is not found in violation by the Full Commission of chapter 42.17 RCW through the 2008 election cycle.

Respectfully submitted this 25th day of January, 2005.


Vicki Rippie
Executive Director, PDC


Grant Degginger
Counsel for Respondent